

Decision No. 78036

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
ANGORA WATER CO., a corporation, and	)	
GARDNER MOUNTAIN WATER CO., a cor-	)	Application No. 52280
poration, for an order authorizing them	)	Filed November 5, 1970
to merge and authorizing ANGORA WATER	)	
CO. to issue share certificates upon	)	
conversion of the shares of GARDNER	)	
MOUNTAIN WATER CO.	)	

O P I N I O N

Angora Water Co. and Gardner Mountain Water Co. seek an order of the Commission authorizing (a) the latter to merge into the former, and (b) the surviving corporation to issue certificates representing 35,052 shares of its common capital stock.

Applicants are affiliated California corporations engaged in providing public utility water service in portions of El Dorado County. The service areas are adjacent to each other, and the water systems are physically integrated and inter-connected.

The Agreement of Merger, a copy of which is attached to the application, shows that Angora Water Co., as the surviving corporation, will succeed to the rights and properties, and be subject to the liabilities, of Gardner Mountain Water Co. Following conversion of the latter company's 7,674 outstanding \$25 par value shares, the four holders thereof will receive certificates

representing an aggregate of 35,052 shares of \$1 par value capital stock of the surviving corporation.

The reported assets and liabilities as of December 31, 1969, for Angora Water Co. and Gardner Mountain Water Co., together with adjustments and a pro forma balance sheet giving effect to the proposed transactions, are summarized from Exhibit B, attached to the application, as follows:

<u>Assets</u>	<u>Angora Water Co.</u>	<u>Gardner Mountain Water Co.</u>	<u>Adjustments (debit)</u>	<u>Pro Forma</u>
Utility plant less depreciation reserve	\$676,712	\$289,968	\$	\$ 966,680
Current assets	49,442	41,511	775	90,178
Other assets	<u>          </u>	<u>9,401</u>	<u>          </u>	<u>9,401</u>
Total	<u>\$726,154</u>	<u>\$340,880</u>	<u>\$ 775</u>	<u>\$1,066,259</u>
 <u>Liabilities</u>				
Capital stock	\$105,890	\$191,850	\$(156,798)	\$ 140,942
Capital surplus			156,798	156,798
Earned surplus	(30,551)	(15,557)		(46,108)
Current liabilities	68,716	18,770	(775)	86,711
Advances for construction	27,345	1,750		29,095
Contributions in aid of construction	552,363	132,101		684,464
Other credits	<u>2,391</u>	<u>11,966</u>	<u>          </u>	<u>14,357</u>
Total	<u>\$726,154</u>	<u>\$340,880</u>	<u>\$ (775)</u>	<u>\$1,066,259</u>

The application indicates that the proposed merger will permit economies in management and administration by eliminating duplication of activities and responsibilities in the several parts of the unified system.

After consideration the Commission finds that (1) the proposed merger would not be adverse to the public interest, and (2) the money, property or labor to be procured or paid for by the issue of the stock certificates herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted is for the purpose of this proceeding only, and is not to be construed as a finding of the value of the properties to be merged, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Angora Water Co. and Gardner Mountain Water Co. may merge pursuant to the terms and provisions of the Agreement of Merger, a copy of which is attached to the application.

2. Angora Water Co., as the surviving corporation, shall fulfill the public utility obligations of Gardner Mountain Water Co.

3. Angora Water Co., for the purpose specified in the application, may issue certificates representing 35,052 shares of its \$1 par value common capital stock upon surrender to it of certificates representing 7,674 shares of \$25 par value common capital stock of Gardner Mountain Water Co.

4. Angora Water Co. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

5. Within thirty days after consummating the merger herein authorized, Angora Water Co. shall notify the Commission, in writing, of that fact.

6. Not less than five days before the date of actual merger, Angora Water Co. shall file with the Commission, by advice letter, a notice of adoption of the presently filed tariff schedules of Gardner Mountain Water Co. The effective date of the notice of adoption shall be concurrent with the date of actual merger.

7. Within thirty days after the effective date of the merger herein authorized and in accordance with the requirements of General Order No. 96-A, Angora Water Co., as part of its tariffs, shall refile the tariff map and rate schedules applicable to the area served by Gardner Mountain Water Co., and the rules and standard forms of the surviving corporation shall apply to said area.

8. Angora Water Co., the surviving corporation, shall maintain separate plant, depreciation reserve, direct expense and tax records in such manner as to permit ready determination of the original cost of plant and the costs of providing water service as if no merger occurred.

9. Within sixty days after the consummation of the merger herein authorized, Angora Water Co. shall file with the Commission a copy of each journal entry used to record the merger on its books of account.

10. On or before the end of the third month after the consummation of the merger as herein authorized, Angora Water Co. shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the operations of Gardner Mountain Water Co. for the period commencing with the first day of the current year to and including the effective date of the merger.

11. The effective date of this order is the date hereof. Unless exercised, the authority herein granted will expire on March 31, 1971.

Dated at San Francisco, California,  
this 9<sup>th</sup> day of DECEMBER, 1970.

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Chairman

*Angela*

*William S. ...*

*...*

*Vernon L. Sturgeon*

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Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.